

State Tax Commission

Analyst: Hancock

Historical Summary

OPERATING BUDGET	FY 2004 Total App	FY 2004 Actual	FY 2005 Approp	FY 2006 Request	FY 2006 Gov Rec
BY PROGRAM					
General Services	7,202,400	8,127,900	7,438,200	10,602,100	8,473,100
Audit and Collections	14,663,800	13,432,600	14,882,900	15,700,100	15,638,900
Revenue Operations	4,632,100	4,661,900	5,051,600	5,496,400	5,380,800
County Support	2,869,500	2,996,800	2,996,100	3,210,300	3,195,200
Total:	29,367,800	29,219,200	30,368,800	35,008,900	32,688,000
BY FUND CATEGORY					
General	24,148,500	24,008,100	24,515,500	28,203,200	25,907,700
Dedicated	5,219,300	5,121,600	5,853,300	6,805,700	6,780,300
Federal	0	89,500	0	0	0
Total:	29,367,800	29,219,200	30,368,800	35,008,900	32,688,000
Percent Change:		(0.5%)	3.9%	15.3%	7.6%
BY OBJECT OF EXPENDITURE					
Personnel Costs	21,295,400	20,598,300	22,457,300	23,774,100	23,698,800
Operating Expenditures	7,873,400	8,083,900	7,781,900	10,745,000	8,814,900
Capital Outlay	199,000	537,000	129,600	489,800	174,300
Total:	29,367,800	29,219,200	30,368,800	35,008,900	32,688,000
Full-Time Positions (FTP)	406.00	406.00	410.50	410.50	410.50

Division Description

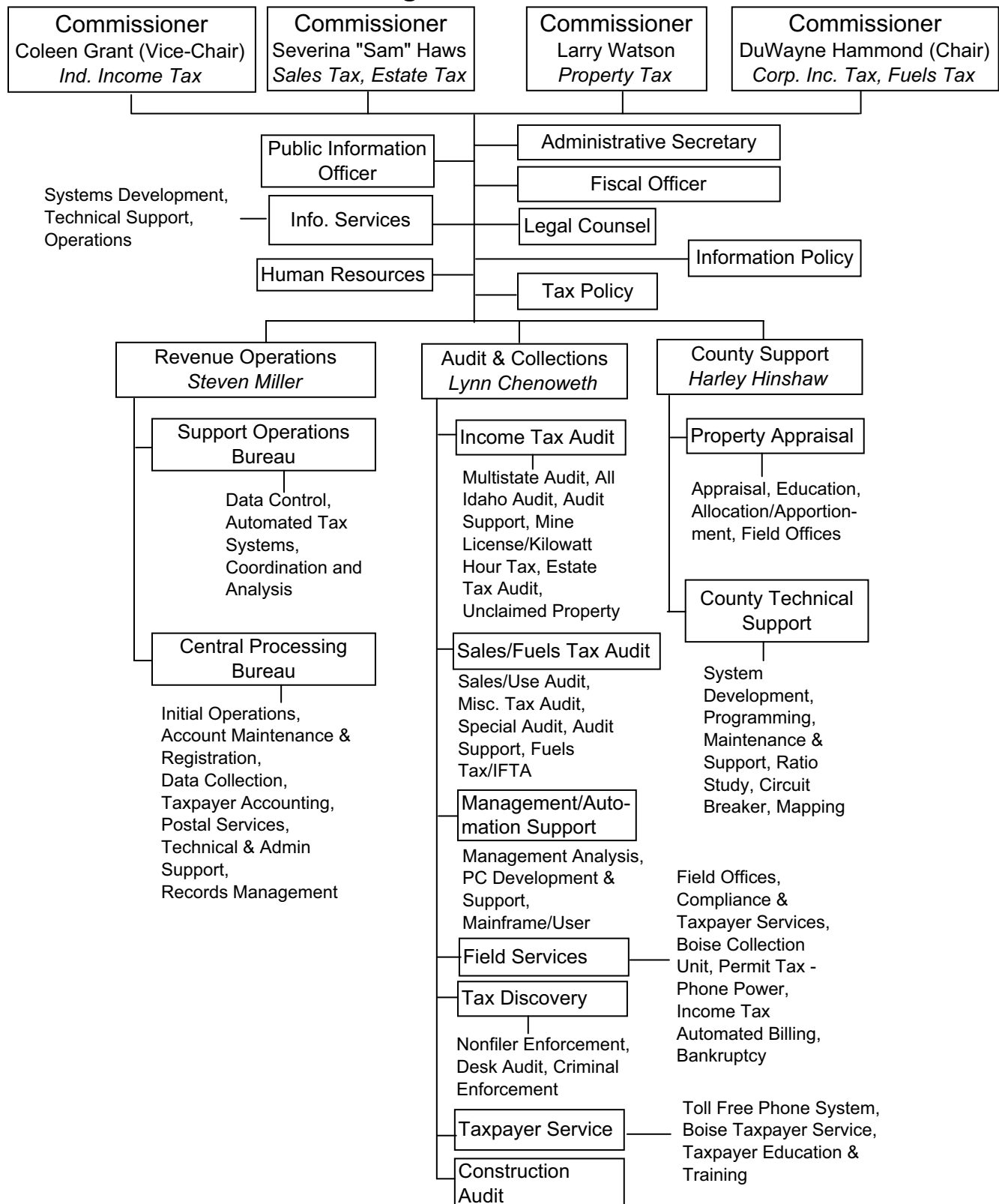
The State Tax Commission has four budgeted programs: General Services, Audit and Collections, Revenue Operations, and County Support. 1.) The General Services program consists of the Commissioners, Administrative Section, Legal Section, Tax Policy Section, Information Technology Section, and the Management Services Division. This organizational structure provides for centralized management, policy development, legal, personnel, fiscal and computer services. 2.) The Audit and Collections program provides direct taxpayer service to the public from the administrative office in Boise and five field office locations; collects delinquent taxes and conducts audits on virtually all tax types administered by the agency by authority of Idaho Code and the Multi-State Tax Compact; conducts discovery and enforcement efforts directed at non-filers and administers Idaho's unclaimed property statutes. 3.) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents. 4.) The County Support Program provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is responsible: to annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; to examine property tax levies of all taxing districts to ensure compliance with Idaho Code; to develop forms, procedures and computer software necessary for county assessors to appraise property; to develop an assessor's manual in order to facilitate uniformity of appraisals; and to administer property tax relief through the Circuit Breaker program.

Tax Commission

Agency Profile

Analyst: Hancock

Organizational Chart



Department of Revenue and Taxation

Agency Profile

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Sources of Funds

	FY 2004 Expenditures	Percent of Total	FY 2005 Appropriation	FY 2006 Request
1. General Fund	\$24,008,044	82.2%	\$24,515,500	\$28,203,200
The General Fund consists of, "moneys received into the treasury and not specially appropriated to any other fund" (§67-1205). The fund sources are: 1) individual income tax, 2) corporate income tax, 3) sales tax, 4) cigarette tax, 5) beer tax, 6) wine tax, 7) liquor surcharge, 8) kilowatt hour tax, 9) mine license tax, 10) Treasurer's interest on investments of certain idle state funds, 11) court fees and fines, 12) insurance premium tax, 13) sale of alcoholic beverage licenses, 14) unclaimed property, 15) articles of incorporation and uniform commercial code filing fees, 16) estate and transfer tax, and 17) other miscellaneous sources from various agency receipts.				
2. Administration Services for Transportation	2,756,119	9.4%	3,162,400	3,681,000
The State Tax Commission retains funds from gasoline tax and special fuels tax receipts equal to the cost of collecting, administering, and enforcing the gasoline tax requirements. However, the amount cannot exceed the amount authorized to be expended by the legislature (gasoline: §63-2402 and §63-2405; special fuels: §63-2416 - §63-2417).				
3. Multistate Tax Compact	1,525,938	5.2%	1,605,700	1,696,700
Moneys collected as direct result of audits conducted by the Multistate Tax Commission (on behalf of the state of Idaho) shall be paid by the State Tax Commission into the Multistate Tax Compact Fund. The Multistate Tax Compact was formed to determine the tax liability of multistate taxpayers, promote uniformity or compatibility in tax systems, and facilitate taxpayer convenience and compliance in the filing of tax returns and avoid duplicative taxation across states (§63-3709).				
4. Abandoned Property Trust - Unclaimed	603,531	2.1%	650,300	888,300
The Unclaimed Property Fund receives money from:				
<ol style="list-style-type: none"> 1. Certain banking accounts. 2. Certain unclaimed funds that are owned and unpaid by life insurance companies for fifteen years. 3. Certain deposits and refunds payable by utilities for more than fifteen years. 4. Certain investment shares, funds, and interests. 				
The State Tax Commission is required to maintain a record of the name and last known address of each person thought to own the property. The record is to be made available for public inspection at all reasonable business hours (§14-517).				
5. Seminars and Publications Fund	131,900	0.5%	142,900	144,800
Fees, educational purposes sales, tax regulations and printed material, fees for copies, supplies, bad check charges, postage reimbursement, sales of maps, unclaimed property lists, etc. Sales are primarily to the public.				
6. Administration and Accounting Fund	86,900	0.3%	292,000	394,900
The State Tax Commission is directed to retain funds for the Commission's cost of collecting and administering the moneys of certain trust funds. For the following trust funds the annual amount is three thousand dollars (\$3,000) or twenty percent (20%), whichever is less (§63-3067A&B(d)):				
<ol style="list-style-type: none"> 1. The Fish and Game Trust Fund (0051) 2. The Children's Trust Fund (0483) 				
On other taxes, the State Tax Commission is authorized to retain an amount of money equal to the cost of collecting and administering them. The amount retained can not exceed the amount authorized to be expended by appropriation by the Legislature. Those taxes are:				
<ol style="list-style-type: none"> 1. Idaho Travel and Convention Tax (0212) (§67-4718) 2. Illegal Drug Tax (0281) (§63-4209) 3. Boise Auditorium District (0630) (§67-4917C) 4. Petroleum Clean Water Trust Fund (0130) (§41-4909) 5. Local Option Sales Tax (0630) (§63-2605) 				
7. Federal Grant Fund	89,526	0.3%	0	0
The Tax Commission receives intermittent grants from the federal government for project-specific work.				
Total	\$29,201,958	100.0%	\$30,368,800	\$35,008,900

Tax Commission

Agency Profile

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Selected Measures				
	FY03 Actual	FY04 Actual	FY05 Est.	FY06 Est.
1. Develop a process for reviewing and updating of brochures, educational material, forms, and other correspondence.	100%	100%	100%	100%
2. Develop a centralized outreach program to coordinate agency education efforts for taxpayers and other stakeholders.	100%	100%	100%	100%
3. Develop an agency training program that meets the needs and enhances the skills of agency staff.	100%	100%	100%	100%
4. Use existing personnel committees to study reward system and make recommendations.	100%	100%	100%	100%
5. Improve taxpayer access to state and federal tax assistance and other government agency registration requirements.	100%	100%	100%	100%
6. Take a leadership role in interagency projects that improve dissemination of information to stakeholders or simplify taxpayer registration requirements.	100%	100%	100%	100%
7. Establish a statewide managed/self-audit program.	100%	100%	100%	100%
8. Implement procedures and processes that encourage individuals to get back into and remain in compliance.	100%	100%	100%	100%
9. Increase use of technology to improve enforcement efforts.	100%	100%	100%	100%
10. Use a post-audit survey to obtain taxpayer feedback to improve effectiveness.	100%	100%	100%	100%
11. Increase nonresident enforcement through audit/nexus investigations.	100%	100%	100%	100%
12. Expand electronic data capture, storage, and retrieval technologies.	100%	100%	100%	100%
13. Consult with the Assessor's Education Committee, the Examination Committee, and the Idaho Association of Assessment Personnel to develop and provide education, training, and certification programs that meet county and state needs.	100%	100%	100%	100%
14. Expand the Geographic Information System.	95%	99%	99%	99%

State Tax Commission

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2005 Original Appropriation	410.50	24,515,500	30,368,800	410.50	24,515,500	30,368,800
HB 805 One-time 1% Salary Increase	0.00	151,300	182,200	0.00	151,300	182,200
1. Commissioner Salaries	0.00	6,800	6,800	0.00	6,800	6,800
2. Cost Allocation Adjustments	0.00	(47,900)	(11,600)	0.00	(47,900)	(11,600)
Governor's Rescission	0.00	0	0	0.00	(33,200)	(37,000)
FY 2005 Total Appropriation	410.50	24,625,700	30,546,200	410.50	24,592,500	30,509,200
Non-Cognizable Funds and Transfers	0.00	0	0	0.00	0	0
FY 2005 Estimated Expenditures	410.50	24,625,700	30,546,200	410.50	24,592,500	30,509,200
Removal of One-Time Expenditures	0.00	(151,300)	(420,800)	0.00	(132,300)	(398,000)
Base Adjustments	0.00	(70,000)	(70,000)	0.00	(55,800)	(55,800)
FY 2006 Base	410.50	24,404,400	30,055,400	410.50	24,404,400	30,055,400
Benefit Costs	0.00	288,700	333,100	0.00	223,400	257,800
Inflationary Adjustments	0.00	43,500	58,900	0.00	0	0
Replacement Items	0.00	561,700	777,000	0.00	0	215,300
Nonstandard Adjustments	0.00	5,000	3,000	0.00	5,000	3,000
Change in Employee Compensation	0.00	156,500	191,600	0.00	156,500	191,600
27th Payroll	0.00	618,400	756,600	0.00	618,400	756,600
FY 2006 Program Maintenance	410.50	26,078,200	32,175,600	410.50	25,407,700	31,479,700
1. GenTax Software Upgrade	0.00	2,125,000	2,500,000	0.00	500,000	875,000
2. Securities Records Contracting	0.00	0	60,000	0.00	0	60,000
3. Local Option Tax Services	0.00	0	273,300	0.00	0	273,300
FY 2006 Total	410.50	28,203,200	35,008,900	410.50	25,907,700	32,688,000
Change from Original Appropriation	0.00	3,687,700	4,640,100	0.00	1,392,200	2,319,200
% Change from Original Appropriation		15.0%	15.3%		5.7%	7.6%

State Tax Commission

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2005 Original Appropriation					
	410.50	24,515,500	5,853,300	0	30,368,800
HB 805 One-time 1% Salary Increase					
Reflects surplus eliminator funding for one-time 1% salary increases.					
Agency Request	0.00	151,300	30,900	0	182,200
Governor's Recommendation	0.00	151,300	30,900	0	182,200
1. Commissioner Salaries					
General Services					
This supplemental would provide ongoing funding to cover the cost of 2% salary increases for the four Tax Commissioners, as enacted by HB 802. This action increased commissioner salaries from \$70,302 to \$71,708.					
Agency Request	0.00	6,800	0	0	6,800
Governor's Recommendation	0.00	6,800	0	0	6,800
2. Cost Allocation Adjustments					
General Services, Audit & Collections, Revenue Operations					
This supplemental reallocates costs between the commission's programs and funds, to more accurately reflect the areas where employee work is actually taking place.					
Agency Request	0.00	(47,900)	36,300	0	(11,600)
Governor's Recommendation	0.00	(47,900)	36,300	0	(11,600)
Governor's Rescission					
Agency Request	0.00	0	0	0	0
The Governor recommends removal of funds not needed to implement HB 805. In addition, the Governor recommends removal of risk management funding in excess of needs calculated by the Department of Administration.					
Governor's Recommendation	0.00	(33,200)	(3,800)	0	(37,000)
FY 2005 Total Appropriation					
Agency Request	410.50	24,625,700	5,920,500	0	30,546,200
Governor's Recommendation	410.50	24,592,500	5,916,700	0	30,509,200
Non-Cognizable Funds and Transfers					
Shifts personnel between funds to reflect a more accurate cost allocation.					
Agency Request	0.00	0	0	0	0
Governor's Recommendation	0.00	0	0	0	0
FY 2005 Estimated Expenditures					
Agency Request	410.50	24,625,700	5,920,500	0	30,546,200
Governor's Recommendation	410.50	24,592,500	5,916,700	0	30,509,200
Removal of One-Time Expenditures					
Removes funding provided for one-time items.					
Agency Request	0.00	(151,300)	(269,500)	0	(420,800)
Governor's Recommendation	0.00	(132,300)	(265,700)	0	(398,000)
Base Adjustments					
Transfers 0.50 FTP and \$42,900 from General Services to County Support, transfers 0.50 FTP and \$31,700 from Audit & Collections to County Support, and removes \$70,000 for an expiring copier lease contract.					
Agency Request	0.00	(70,000)	0	0	(70,000)
Restore risk management rescission to the base.					
Governor's Recommendation	0.00	(55,800)	0	0	(55,800)

State Tax Commission

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Budget by Decision Unit

	FTP	General	Dedicated	Federal	Total
FY 2006 Base					
Agency Request	410.50	24,404,400	5,651,000	0	30,055,400
<i>Governor's Recommendation</i>	<i>410.50</i>	<i>24,404,400</i>	<i>5,651,000</i>	<i>0</i>	<i>30,055,400</i>

Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 9.7% or \$632 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include a reduction in unemployment insurance rates, a reduction in Division of Human Resources rates for classified employees, and an increase in workers compensation rates.

Agency Request	0.00	288,700	44,400	0	333,100
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The Governor does not recommend increases related to changes in the Public Employee's Retirement System.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>223,400</i>	<i>34,400</i>	<i>0</i>	<i>257,800</i>
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Inflationary Adjustments

Includes a general inflationary increase of 1.3% in operating expenditures.

Agency Request	0.00	43,500	15,400	0	58,900
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The Governor recommends no increase for general inflation.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
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Replacement Items

Replacement Items include ongoing operating expenditures of \$187,000 for computer software and hardware maintenance, \$20,300 for leasing 45 computers, and \$10,500 for leasing 15 laptop computers. One-time operating expenditures include \$24,600 to upgrade network software and \$50,000 for the operating software used to drive mail handling equipment. One-time capital outlay includes \$97,900 for eleven network servers, \$4,500 for three ethernet switches, \$65,300 to increase network information storage, \$13,600 for 20 laser printers, \$99,800 for a network backbone switch, \$18,000 for a motorpool vehicle, \$29,900 for 23 computers, \$26,000 for 13 laptop computers, \$126,000 for mail handling equipment, and \$3,600 for two fax machines.

Agency Request	0.00	561,700	215,300	0	777,000
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<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>215,300</i>	<i>0</i>	<i>215,300</i>
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Nonstandard Adjustments

Nonstandard Adjustments include a \$6,500 increase in building services space charges, \$3,100 in increased building lease costs, \$71,700 reduction in Attorney General fees, a \$100 reduction in risk management fees, a \$51,500 increase in State Controller fees, and a \$13,700 increase in State Treasurer fees.

Agency Request	0.00	5,000	(2,000)	0	3,000
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<i>Governor's Recommendation</i>	<i>0.00</i>	<i>5,000</i>	<i>(2,000)</i>	<i>0</i>	<i>3,000</i>
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Change in Employee Compensation

Reflects the cost of a 1% salary increase for permanent and group positions.

Agency Request	0.00	156,500	35,100	0	191,600
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The Governor recommends a compensation increase of 1% to be distributed based on merit. No adjustment to the pay line is recommended.

<i>Governor's Recommendation</i>	<i>0.00</i>	<i>156,500</i>	<i>35,100</i>	<i>0</i>	<i>191,600</i>
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27th Payroll

Reflects the cost of one additional payroll in fiscal year 2006. This happens every eleven or twelve years because there are 364 days in 26 payperiods but a year has 365.242 days.

Agency Request	0.00	618,400	138,200	0	756,600
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<i>Governor's Recommendation</i>	<i>0.00</i>	<i>618,400</i>	<i>138,200</i>	<i>0</i>	<i>756,600</i>
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State Tax Commission

Analyst: Hancock

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2006 Program Maintenance					
Agency Request	410.50	26,078,200	6,097,400	0	32,175,600
Governor's Recommendation	410.50	25,407,700	6,072,000	0	31,479,700
1. GenTax Software Upgrade					
General Services					
This enhancement would provide \$2,500,000 in one-time funding to upgrade the Tax Commission's GenTax software system to the new dot-Net version. While the new version itself is free, funds would be used to pay computer programmers with Fast Enterprises (which developed the GenTax system for Idaho and several other states and provinces) to do the necessary system reconfiguration work. In addition to improving future compatibility, the commission estimates that the upgraded system will help improve collections management, resulting in an additional \$900,000 in General Fund collections in FY 2006, and additional annual collections of \$2,400,000 beginning in FY 2007, without the addition of any new employees.					
Agency Request	0.00	2,125,000	375,000	0	2,500,000
The Governor recommends funding the full dedicated funds share and a portion of the General Fund share of the upgrade costs. The remainder of the General Fund costs would be borne in future fiscal years.					
Governor's Recommendation	0.00	500,000	375,000	0	875,000
2. Securities Records Contracting					
Audit and Collections					
This enhancement would provide ongoing funding to outsource the handling of stocks and securities records in the Unclaimed Property program. This work, which is detailed and time-consuming, is currently performed by 1.5 to 2.0 in-house employees. If this enhancement is funded, these employees would be re-assigned primarily to educational outreach activities in the Unclaimed Property area. The funding source for this request is Unclaimed Property funds, which would otherwise be deposited in the General Fund.					
Agency Request	0.00	0	60,000	0	60,000
Governor's Recommendation	0.00	0	60,000	0	60,000
3. Local Option Tax Services					
General Services, Audit and Collections, Revenue Operations					
This enhancement would provide one-time spending authority from the Administration & Accounting Fund for the Tax Commission to provide administrative services for the collection of local option Sales Taxes that have been adopted in Kootenai and Nez Perce Counties. The commission would provide administrative and reporting services for the counties, which would be paid for from the additional local option revenues collected on behalf of Kootenai and Nez Perce Counties by the commission.					
Agency Request	0.00	0	273,300	0	273,300
Governor's Recommendation	0.00	0	273,300	0	273,300
FY 2006 Total					
Agency Request	410.50	28,203,200	6,805,700	0	35,008,900
Governor's Recommendation	410.50	25,907,700	6,780,300	0	32,688,000
Agency Request					
Change from Original App	0.00	3,687,700	952,400	0	4,640,100
% Change from Original App	0.0%	15.0%	16.3%		15.3%
Governor's Recommendation					
Change from Original App	0.00	1,392,200	927,000	0	2,319,200
% Change from Original App	0.0%	5.7%	15.8%		7.6%